Convention of Public Sector Officers' Association

3173. SHRI VISHWASRAO RAMRAO PATIL: Will the PRIME MINISTER be pleased to state:

(a) whehter the first-ever convention of Public Sector Officers' Association was held on 9th-10th March, 1992 at New Delhi;

(b) if so, the details of the issues discussed therein; and

(c) the reaction of Government to the resolutions passed therein?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF HEAVY INDUSTRY AND DEPARTMENT OF PUBLIC ENTERPRISES) (SHRI P. K. THUNGON): (a) Yes Sir.

(b) and (c) The National Convention of Public Sector Officers which met on 9th and 10th March, 1992, have *inter alia* suggested alternative policy initiatives such as optimal utilisaiton of already built-up manufacturing and technological capability, import substitution being given priority over export earnings, employees' participation in management, intensive mobilisation of taxes, restraint in wasteful expendiutre, moratorium on internal and external borrowings etc. These suggestions would, however, be kept in view by the Government while considering different issues relating to public sector enterprises.

Cost of production of cement, steel and fertiliser

3174. SHRI SURESH PACHOURI: Will the PRIME MINISTER be pleased to state:

(a) what is the per unit cost of production of cement, steel and fertiliser in the country;

(b) how it compares with some of the developed countries;

(c) what are the reasons for higher cost of production of these items in the country;

(d) the details of measures taken b Government to reduce the cost of produc tion in the country; and

(e) what success has been achieved s far in this regard?

THE MINISTER OF STATE IN TH MINISTRY OF INDUSTRY (SHRIMAT KRISHNA SAHI): (a) to (c) CEMENT

The cost of production of cement (as i April, 1992) ranges between Rs. 775 pe tonne to Rs. 1500 per tonne. Compare to the developed countries, the cost c production of cement in India is highe for various reasons such as old and obso lete process technologies in many of th cement plants, small production base, in frastructural constraints, low quality c coal, etc.

Financial assistance has been provide to a number of units to modernise thei plants and for conversion from wet t dry process of manufacture. Currently plants with a capacity above 1 millio tonnes are being set up which will brin down the cost of production. The Ce ment Industry is also being provided in frastructural support such as adequat supply of coal, wagon, etc. on priorti basis in order to maximise production an remove regional imbalances. These mea sures are expected to yield favourable re sults.

STEEL:

The cost of production of various type of steel differs from unit to unit dependin upon the installed capacity, vintage of th plants, differences in technology, extent o automation, scope of operation, etc. I would not be in the commercial interes steel plants to disclose their cost of pro duction. However according to a com prehensive Techno-Economic Cost Evalua tion of the Integrated Steel Plants, base on the costing of 1987-88, done by th Bureau of Industrial Costs & Price (BICP), the average cost of productio for Steel Authority of India Ltd. (SAIL was Rs. 6256 per tonne for 1987-88. Ac cording to the same Study, the cost o production for steel in some of the deve

loped countries for the same period was as follows:

(Rs. per tonne)

Country	Cost of Production
U.S.A.	6174
West Germany . . .	6090
U.K.	5125
France	5834

The major factors which have contributed to the higher cost of production of steel include rise in the cost of raw materials, electricity prices and the railway freight, gradual deterioration in the quality parameters of the major raw materials, lack of upgradation of technological base and poor investments in the past, etc.

The measures taken to contain cost of production of steel include raising capacity utilisation, increasing productivity, improving techno-economic performance including energy saving, improved maintenance and modernisation of equipment, delicensing of the steel sector to encourage the private entrepreneurs to invest in the steel sector and deregulation of prices of iron and steel with a view to enhance efficiency and competitiveness in the steel sector leading to cost deduction. Besides, there has been reduction in import duty on steel melting scrap from 35 per cent to 10 per cent, on pig iron from 55 per cent to 35 per cent and on billets and HR Coils from 65 per cent to 45 per cent so as to facilitate imports to supplement domestic availability. These measures are expected to yield favourable results.

FERTILISER:

The cost of production of various types of fertilizers differs from unit to unit depending upon the installed capacity, feedstock, vintage of the plants, etc. Fertilisers are governed under retention price-cum-subsidy scheme under which retention prices are fixed product-wise and plant-wise which includes various elements of costs derived on the basis of combination of norms and actuals, and a reasonable return on networth. Currently, the weighted average retention price of urea is Rs. 4193 per tonne and that of DAP Rs. 5444 per tonne.

The information regarding cost of production of fertilizers in the developed countries is not available. However, comparison of the C&F price plus handling charges of the imported fertilisers with the average retention price of indigenous fertilizers reveals that the imported urea costs Rs. 5497 per tonne as against the retention price of Rs. 4193 per tonne of indigenous urea and the imported DAP costs 6465 per tonne against the average retention price of Rs. 9444 per tonne of indigenous DAP.

The higher retention price of indigenous DAP is mainly due to the higher input cost.

Various measures have been taken by the Fertilizer Industry to make it more efficient by reducing the consumption of inputs by suitable conservation measures including revamping and retrofitting of the fertiliser units. A number of fertiliser units have already adopted the energy conservation devices to reduce the consumption of inputs. Government have also tightened consumption norms for calculating retention prices Due to higher cost of inputs it has not been possible to achieve an absolute reduction in the cost of production of fertilisers. While the capital cost of fertiliser plants has risen very sharply during the last one decade, the technological improvements to cut down inputs of raw material has not taken place in that proportion. As a result, the new fertilizer units may have higher cost of production of fertilisers compared to units set up in the recent past.

Submission of report by Small Scale Industries Board

3175. SHRI KRISHNA KUMAR BIRLA: Will the PRIME MINISTER be pleased to state:

(a) by when the Small Scale Industries Board is likely to submit its preliminary